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UNCLAS PRETORIA 002278

SIPDIS

STATE PLEASE PASS USGS
USDOC FOR 4510/ITA/MAC/AME/OA/DIEMOND
DOE FOR THOMAS SPERL

E.O. 12958: N/A

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SUBJECT: SOUTH AFRICA: FUEL PRICE SPIRAL TAKES A
BREATH

REF: PRETORIA 2998

Summary

1. (U) On June 1, 2005, the Department of Minerals and Energy slightly reduced the prices of gasoline, diesel, and kerosene from all time highs charged the previous month. The primary reason for the move was the lower price of crude oil. End Summary.

Government Announces Marginal Price Decreases

2. (U) On June 1, the Department of Minerals and Energy (DME) reduced the retail price of gasoline by 3.1% and wholesale prices of diesel and kerosene by an average of 3.3% and 6%, respectively. The primary reason for the move was the lower price of imported crude oil during the May 1 to May 31 period of assessment. The weakening of the rand towards the end of May and a surcharge to balance refinery losses incurred during the previous month lessened the decrease somewhat as prices moved from all time highs in May. The tables below show the decrease in the average price of fuel in Johannesburg and components for the new price.

Wholesale Johannesburg Prices (U.S. Dollars/Gallon)

	April	May	June	%Change
Gasoline - (retail)	3.14	3.20	3.05	-4.7
Diesel - 0.3% Sulfur	2.97	2.96	2.82	-3.9
Diesel - 0.05% Sulfur	3.09	3.10	2.95	-4.8
Kerosene	2.28	2.39	2.23	-6.7

Wholesale Johannesburg Prices (S.A. Rands/Liter)

	April	May	June	%Change
Gasoline - (retail)	5.02	5.22	5.06	-3.1
Diesel - 0.3% Sulfur	4.74	4.84	4.68	-3.3
Diesel - 0.05% Sulfur	4.93	5.06	4.89	-3.4
Kerosene	3.64	3.90	3.71	-4.9

Components for the New Price

Basic Fuel Price	48.0%
Taxes and Levies	31.9%
Operating Margin	20.1%

FRAZER